



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

SB1778

Introduced 2/15/2013, by Sen. Michael W. Frerichs

SYNOPSIS AS INTRODUCED:

See Index

Amends the Division of Banking Act. Authorizes the Secretary of Financial and Professional Regulation to establish a Commercial Bank Regulatory Section and a Savings Bank Regulatory Section within the Division. Amends the State Finance Act. Changes the name of the Savings and Residential Finance Regulatory Fund to the Residential Finance Regulatory Fund. Provides for expenditures from the Savings Institution Regulatory Fund and the Residential Finance Regulatory Fund related to the disposition of unclaimed property. Amends the Savings Bank Act. Provides that the Secretary may charter mutual and stock holding companies in connection with a mutual savings bank reorganization. Establishes the effect of the repeal of the Illinois Savings and Loan Act of 1985, including the regulation of entities formerly under the Illinois Savings and Loan Act as savings banks under the Savings Bank Act. Changes references from "member or shareholder" to "customer". Changes references from "Commissioner" to "Secretary". Makes changes to provisions concerning articles of incorporation, proxies, directors, access to books and records, regulations, investment in loans, loans to one borrower, mergers, conversion of an existing depository institution to a savings bank, powers of the Secretary, regulatory fees, and disclosure of reports of examinations and confidential supervisory information. Repeals the Illinois Savings and Loan Act of 1985. Makes other changes. Effective immediately.

LRB098 09391 MGM 39532 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Division of Banking Act is amended by
5 changing Section 5 as follows:

6 (20 ILCS 3205/5) (from Ch. 17, par. 455)

7 Sec. 5. Powers. In addition to all the other powers and
8 duties provided by law, the Commissioner shall have the
9 following powers:

10 (a) To exercise the rights, powers and duties formerly
11 vested by law in the Director of Financial Institutions under
12 the Illinois Banking Act.

13 (b) To exercise the rights, powers and duties formerly
14 vested by law in the Department of Financial Institutions under
15 "An act to provide for and regulate the administration of
16 trusts by trust companies", approved June 15, 1887, as amended.

17 (c) To exercise the rights, powers and duties formerly
18 vested by law in the Director of Financial Institutions under
19 "An act authorizing foreign corporations, including banks and
20 national banking associations domiciled in other states, to act
21 in a fiduciary capacity in this state upon certain conditions
22 herein set forth", approved July 13, 1953, as amended.

23 (c-5) To exercise all of the rights, powers, and duties

1 granted to the Director or Secretary under the Illinois Banking
2 Act, the Corporate Fiduciary Act, the Electronic Fund Transfer
3 Act, the Illinois Bank Holding Company Act of 1957, the Savings
4 Bank Act, the Illinois Savings and Loan Act of 1985, the
5 Savings and Loan Share and Account Act, the Residential
6 Mortgage License Act of 1987, and the Pawnbroker Regulation
7 Act.

8 (c-10) To establish a Commercial Bank Regulatory Section
9 and a Savings Bank Regulatory Section within the Division.

10 (c-15) To enter into cooperative agreements with
11 appropriate federal and out-of-state state regulatory agencies
12 to conduct and otherwise perform any examination of a regulated
13 entity as authorized under the Illinois Banking Act, the
14 Corporate Fiduciary Act, the Electronic Fund Transfer Act, the
15 Illinois Bank Holding Company Act of 1957, the Savings Bank
16 Act, the Illinois Savings and Loan Act of 1985, the Residential
17 Mortgage License Act of 1987, and the Pawnbroker Regulation
18 Act.

19 (d) Whenever the Commissioner is authorized or required by
20 law to consider or to make findings regarding the character of
21 incorporators, directors, management personnel, or other
22 relevant individuals under the Illinois Banking Act, the
23 Corporate Fiduciary Act, the Pawnbroker Regulation Act, or at
24 other times as the Commissioner deems necessary for the purpose
25 of carrying out the Commissioner's statutory powers and
26 responsibilities, the Commissioner shall consider criminal

1 history record information, including nonconviction
2 information, pursuant to the Criminal Identification Act. The
3 Commissioner shall, in the form and manner required by the
4 Department of State Police and the Federal Bureau of
5 Investigation, cause to be conducted a criminal history record
6 investigation to obtain information currently contained in the
7 files of the Department of State Police or the Federal Bureau
8 of Investigation, provided that the Commissioner need not cause
9 additional criminal history record investigations to be
10 conducted on individuals for whom the Commissioner, a federal
11 bank regulatory agency, or any other government agency has
12 caused such investigations to have been conducted previously
13 unless such additional investigations are otherwise required
14 by law or unless the Commissioner deems such additional
15 investigations to be necessary for the purposes of carrying out
16 the Commissioner's statutory powers and responsibilities. The
17 Department of State Police shall provide, on the Commissioner's
18 request, information concerning criminal charges and their
19 disposition currently on file with respect to a relevant
20 individual. Information obtained as a result of an
21 investigation under this Section shall be used in determining
22 eligibility to be an incorporator, director, management
23 personnel, or other relevant individual in relation to a
24 financial institution or other entity supervised by the
25 Commissioner. Upon request and payment of fees in conformance
26 with the requirements of Section 2605-400 of the Department of

1 State Police Law (20 ILCS 2605/2605-400), the Department of
2 State Police is authorized to furnish, pursuant to positive
3 identification, such information contained in State files as is
4 necessary to fulfill the request.

5 (e) When issuing charters, permits, licenses, or other
6 authorizations, the Commissioner may impose such terms and
7 conditions on the issuance as he deems necessary or
8 appropriate. Failure to abide by those terms and conditions may
9 result in the revocation of the issuance, the imposition of
10 corrective orders, or the imposition of civil money penalties.

11 (f) If the Commissioner has reasonable cause to believe
12 that any entity that has not submitted an application for
13 authorization or licensure is conducting any activity that
14 would otherwise require authorization or licensure by the
15 Commissioner, the Commissioner shall have the power to subpoena
16 witnesses, to compel their attendance, to require the
17 production of any relevant books, papers, accounts, and
18 documents, and to conduct an examination of the entity in order
19 to determine whether the entity is subject to authorization or
20 licensure by the Commissioner or the Division. If the Secretary
21 determines that the entity is subject to authorization or
22 licensure by the Secretary, then the Secretary shall have the
23 power to issue orders against or take any other action,
24 including initiating a receivership against the unauthorized
25 or unlicensed entity.

26 (g) The Commissioner may, through the Attorney General,

1 request the circuit court of any county to issue an injunction
2 to restrain any person from violating the provisions of any Act
3 administered by the Commissioner.

4 (h) Whenever the Commissioner is authorized to take any
5 action or required by law to consider or make findings, the
6 Commissioner may delegate or appoint, in writing, an officer or
7 employee of the Division to take that action or make that
8 finding.

9 (i) Whenever the Secretary determines that it is in the
10 public's interest, he or she may publish any cease and desist
11 order or other enforcement action issued by the Division.

12 (Source: P.A. 96-1365, eff. 7-28-10; 97-492, eff. 1-1-12.)

13 Section 10. The State Finance Act is amended by changing
14 Sections 5.214 and 8.12 as follows:

15 (30 ILCS 105/5.214) (from Ch. 127, par. 141.214)

16 Sec. 5.214. The ~~Savings and~~ Residential Finance Regulatory
17 Fund.

18 (Source: P.A. 85-1209; 86-1213.)

19 (30 ILCS 105/8.12) (from Ch. 127, par. 144.12)

20 Sec. 8.12. State Pensions Fund.

21 (a) The moneys in the State Pensions Fund shall be used
22 exclusively for the administration of the Uniform Disposition
23 of Unclaimed Property Act and for the expenses incurred by the

1 Auditor General for administering the provisions of Section
2 2-8.1 of the Illinois State Auditing Act and for the funding of
3 the unfunded liabilities of the designated retirement systems.
4 Beginning in State fiscal year 2014, payments to the designated
5 retirement systems under this Section shall be in addition to,
6 and not in lieu of, any State contributions required under the
7 Illinois Pension Code.

8 "Designated retirement systems" means:

9 (1) the State Employees' Retirement System of
10 Illinois;

11 (2) the Teachers' Retirement System of the State of
12 Illinois;

13 (3) the State Universities Retirement System;

14 (4) the Judges Retirement System of Illinois; and

15 (5) the General Assembly Retirement System.

16 (b) Each year the General Assembly may make appropriations
17 from the State Pensions Fund for the administration of the
18 Uniform Disposition of Unclaimed Property Act.

19 Each month, the Commissioner of the Office of Banks and
20 Real Estate shall certify to the State Treasurer the actual
21 expenditures that the Office of Banks and Real Estate incurred
22 conducting unclaimed property examinations under the Uniform
23 Disposition of Unclaimed Property Act during the immediately
24 preceding month. Within a reasonable time following the
25 acceptance of such certification by the State Treasurer, the
26 State Treasurer shall pay from its appropriation from the State

1 Pensions Fund to the Bank and Trust Company Fund, the Savings
2 Institutions Regulatory Fund, and the ~~Savings and~~ Residential
3 Finance Regulatory Fund an amount equal to the expenditures
4 incurred by each Fund for that month.

5 Each month, the Director of Financial Institutions shall
6 certify to the State Treasurer the actual expenditures that the
7 Department of Financial Institutions incurred conducting
8 unclaimed property examinations under the Uniform Disposition
9 of Unclaimed Property Act during the immediately preceding
10 month. Within a reasonable time following the acceptance of
11 such certification by the State Treasurer, the State Treasurer
12 shall pay from its appropriation from the State Pensions Fund
13 to the Financial Institution ~~Institutions~~ Fund and the Credit
14 Union Fund an amount equal to the expenditures incurred by each
15 Fund for that month.

16 (c) As soon as possible after the effective date of this
17 amendatory Act of the 93rd General Assembly, the General
18 Assembly shall appropriate from the State Pensions Fund (1) to
19 the State Universities Retirement System the amount certified
20 under Section 15-165 during the prior year, (2) to the Judges
21 Retirement System of Illinois the amount certified under
22 Section 18-140 during the prior year, and (3) to the General
23 Assembly Retirement System the amount certified under Section
24 2-134 during the prior year as part of the required State
25 contributions to each of those designated retirement systems;
26 except that amounts appropriated under this subsection (c) in

1 State fiscal year 2005 shall not reduce the amount in the State
2 Pensions Fund below \$5,000,000. If the amount in the State
3 Pensions Fund does not exceed the sum of the amounts certified
4 in Sections 15-165, 18-140, and 2-134 by at least \$5,000,000,
5 the amount paid to each designated retirement system under this
6 subsection shall be reduced in proportion to the amount
7 certified by each of those designated retirement systems.

8 (c-5) For fiscal years 2006 through 2013, the General
9 Assembly shall appropriate from the State Pensions Fund to the
10 State Universities Retirement System the amount estimated to be
11 available during the fiscal year in the State Pensions Fund;
12 provided, however, that the amounts appropriated under this
13 subsection (c-5) shall not reduce the amount in the State
14 Pensions Fund below \$5,000,000.

15 (c-6) For fiscal year 2014 and each fiscal year thereafter,
16 as soon as may be practical after any money is deposited into
17 the State Pensions Fund from the Unclaimed Property Trust Fund,
18 the State Treasurer shall apportion the deposited amount among
19 the designated retirement systems as defined in subsection (a)
20 to reduce their actuarial reserve deficiencies. The State
21 Comptroller and State Treasurer shall pay the apportioned
22 amounts to the designated retirement systems to fund the
23 unfunded liabilities of the designated retirement systems. The
24 amount apportioned to each designated retirement system shall
25 constitute a portion of the amount estimated to be available
26 for appropriation from the State Pensions Fund that is the same

1 as that retirement system's portion of the total actual reserve
2 deficiency of the systems, as determined annually by the
3 Governor's Office of Management and Budget at the request of
4 the State Treasurer. The amounts apportioned under this
5 subsection shall not reduce the amount in the State Pensions
6 Fund below \$5,000,000.

7 (d) The Governor's Office of Management and Budget shall
8 determine the individual and total reserve deficiencies of the
9 designated retirement systems. For this purpose, the
10 Governor's Office of Management and Budget shall utilize the
11 latest available audit and actuarial reports of each of the
12 retirement systems and the relevant reports and statistics of
13 the Public Employee Pension Fund Division of the Department of
14 Insurance.

15 (d-1) As soon as practicable after the effective date of
16 this amendatory Act of the 93rd General Assembly, the
17 Comptroller shall direct and the Treasurer shall transfer from
18 the State Pensions Fund to the General Revenue Fund, as funds
19 become available, a sum equal to the amounts that would have
20 been paid from the State Pensions Fund to the Teachers'
21 Retirement System of the State of Illinois, the State
22 Universities Retirement System, the Judges Retirement System
23 of Illinois, the General Assembly Retirement System, and the
24 State Employees' Retirement System of Illinois after the
25 effective date of this amendatory Act during the remainder of
26 fiscal year 2004 to the designated retirement systems from the

1 appropriations provided for in this Section if the transfers
2 provided in Section 6z-61 had not occurred. The transfers
3 described in this subsection (d-1) are to partially repay the
4 General Revenue Fund for the costs associated with the bonds
5 used to fund the moneys transferred to the designated
6 retirement systems under Section 6z-61.

7 (e) The changes to this Section made by this amendatory Act
8 of 1994 shall first apply to distributions from the Fund for
9 State fiscal year 1996.

10 (Source: P.A. 96-959, eff. 7-1-10; 97-72, eff. 7-1-11; 97-732,
11 eff. 6-30-12; revised 10-17-12.)

12 Section 15. The Savings Bank Act is amended by changing
13 Sections 1007.130, 1007, 2007, 1008, 3003, 4007, 4008, 4010,
14 4013, 6002, 6013, 6014, 8006, 8012, 9002, 9002.5, 9012, 11001,
15 and 11008 and by adding Section 9002.1 and the heading of
16 Article 12.1 and Sections 12101, 12102, 12103, 12104, 12105,
17 12106, 12107, 12108, 12109, and 12110 and the heading of
18 Article 12.2 and Sections 12201, 12202, and 12203 as follows:

19 (205 ILCS 205/1007.130)

20 Sec. 1007.130. Out-of-state savings bank. "Out-of-state
21 savings bank" means a savings bank or a savings and loan
22 association chartered under the laws of a state other than
23 Illinois, a territory of the United States, or the District of
24 Columbia.

1 (Source: P.A. 93-965, eff. 8-20-04.)

2 (205 ILCS 205/1008) (from Ch. 17, par. 7301-8)

3 Sec. 1008. General corporate powers.

4 (a) A savings bank operating under this Act shall be a body
5 corporate and politic and shall have all of the powers
6 conferred by this Act including, but not limited to, the
7 following powers:

8 (1) To sue and be sued, complain, and defend in its
9 corporate name and to have a common seal, which it may
10 alter or renew at pleasure.

11 (2) To obtain and maintain insurance by a deposit
12 insurance corporation as defined in this Act.

13 (3) To act as a fiscal agent for the United States, the
14 State of Illinois or any department, branch, arm, or agency
15 of the State or any unit of local government or school
16 district in the State, when duly designated for that
17 purpose, and as agent to perform reasonable functions as
18 may be required of it.

19 (4) To become a member of or deal with any corporation
20 or agency of the United States or the State of Illinois, to
21 the extent that the agency assists in furthering or
22 facilitating its purposes or powers and to that end to
23 purchase stock or securities thereof or deposit money
24 therewith, and to comply with any other conditions of
25 membership or credit.

1 (5) To make donations in reasonable amounts for the
2 public welfare or for charitable, scientific, religious,
3 or educational purposes.

4 (6) To adopt and operate reasonable insurance, bonus,
5 profit sharing, and retirement plans for officers and
6 employees and for directors including, but not limited to,
7 advisory, honorary, and emeritus directors, who are not
8 officers or employees.

9 (7) To reject any application for membership; to retire
10 deposit accounts by enforced retirement as provided in this
11 Act and the bylaws; and to limit the issuance of, or
12 payments on, deposit accounts, subject, however, to
13 contractual obligations.

14 (8) To purchase stock or membership interests in
15 service corporations and to invest in any form of
16 indebtedness of any service corporation as defined in this
17 Act, subject to regulations of the Secretary.

18 (9) To purchase stock of a corporation whose principal
19 purpose is to operate a safe deposit company or escrow
20 service company.

21 (10) To exercise all the powers necessary to qualify as
22 a trustee or custodian under federal or State law, provided
23 that the authority to accept and execute trusts is subject
24 to the provisions of the Corporate Fiduciary Act and to the
25 supervision of those activities by the Secretary.

26 (11) (Blank).

1 (12) To establish, maintain, and operate terminals as
2 authorized by the Electronic Fund Transfer Act.

3 (13) To pledge its assets:

4 (A) to enable it to act as agent for the sale of
5 obligations of the United States;

6 (B) to secure deposits;

7 (C) to secure deposits of money whenever required
8 by the National Bankruptcy Act;

9 (D) (blank); and

10 (E) to secure trust funds commingled with the
11 savings bank's funds, whether deposited by the savings
12 bank or an affiliate of the savings bank, as required
13 under Section 2-8 of the Corporate Fiduciary Act.

14 (14) To accept for payment at a future date not to
15 exceed one year from the date of acceptance, drafts drawn
16 upon it by its customers; and to issue, advise, or confirm
17 letters of credit authorizing holders thereof to draw
18 drafts upon it or its correspondents.

19 (15) Subject to the regulations of the Secretary, to
20 own and lease personal property acquired by the savings
21 bank at the request of a prospective lessee and, upon the
22 agreement of that person, to lease the personal property.

23 (16) To establish temporary service booths at any
24 International Fair in this State that is approved by the
25 United States Department of Commerce for the duration of
26 the international fair for the purpose of providing a

1 convenient place for foreign trade customers to exchange
2 their home countries' currency into United States currency
3 or the converse. To provide temporary periodic service to
4 persons residing in a bona fide nursing home, senior
5 citizens' retirement home, or long-term care facility.
6 These powers shall not be construed as establishing a new
7 place or change of location for the savings bank providing
8 the service booth.

9 (17) To indemnify its officers, directors, employees,
10 and agents, as authorized for corporations under Section
11 8.75 of the Business Corporations Act of 1983.

12 (18) To provide data processing services to others on a
13 for-profit basis.

14 (19) To utilize any electronic technology to provide
15 customers with home banking services.

16 (20) Subject to the regulations of the Secretary, to
17 enter into an agreement to act as a surety.

18 (21) Subject to the regulations of the Secretary, to
19 issue credit cards, extend credit therewith, and otherwise
20 engage in or participate in credit card operations.

21 (22) To purchase for its own account shares of stock of
22 a bankers' bank, described in Section 13(b)(1) of the
23 Illinois Banking Act, on the same terms and conditions as a
24 bank may purchase such shares. In no event shall the total
25 amount of such stock held by a savings bank in such
26 bankers' bank exceed 10% of its capital and surplus

1 (including undivided profits) and in no event shall a
2 savings bank acquire more than 5% of any class of voting
3 securities of such bankers' bank.

4 (23) With respect to affiliate facilities:

5 (A) to conduct at affiliate facilities any of the
6 following transactions for and on behalf of any
7 affiliated depository institution, if so authorized by
8 the affiliate or affiliates: receiving deposits;
9 renewing deposits; cashing and issuing checks, drafts,
10 money orders, travelers checks, or similar
11 instruments; changing money; receiving payments on
12 existing indebtedness; and conducting ministerial
13 functions with respect to loan applications, servicing
14 loans, and providing loan account information; and

15 (B) to authorize an affiliated depository
16 institution to conduct for and on behalf of it, any of
17 the transactions listed in this subsection at one or
18 more affiliate facilities.

19 A savings bank intending to conduct or to authorize an
20 affiliated depository institution to conduct at an
21 affiliate facility any of the transactions specified in
22 this subsection shall give written notice to the Secretary
23 at least 30 days before any such transaction is conducted
24 at an affiliate facility. All conduct under this subsection
25 shall be on terms consistent with safe and sound banking
26 practices and applicable law.

1 (24) Subject to Article XLIV of the Illinois Insurance
2 Code, to act as the agent for any fire, life, or other
3 insurance company authorized by the State of Illinois, by
4 soliciting and selling insurance and collecting premiums
5 on policies issued by such company; and may receive for
6 services so rendered such fees or commissions as may be
7 agreed upon between the said savings bank and the insurance
8 company for which it may act as agent; provided, however,
9 that no such savings bank shall in any case assume or
10 guarantee the payment of any premium on insurance policies
11 issued through its agency by its principal; and provided
12 further, that the savings bank shall not guarantee the
13 truth of any statement made by an assured in filing his
14 application for insurance.

15 (25) To become a member of the Federal Home Loan Bank
16 ~~and to have the powers granted to a savings association~~
17 ~~organized under the Illinois Savings and Loan Act of 1985~~
18 ~~or the laws of the United States, subject to regulations of~~
19 ~~the Secretary.~~

20 (26) To offer any product or service that is at the
21 time authorized or permitted to a bank by applicable law,
22 but subject always to the same limitations and restrictions
23 that are applicable to the bank for the product or service
24 by such applicable law and subject to the applicable
25 provisions of the Financial Institutions Insurance Sales
26 Law and rules of the Secretary.

1 (b) If this Act or the regulations adopted under this Act
2 fail to provide specific guidance in matters of corporate
3 governance, the provisions of the Business Corporation Act of
4 1983 may be used, or if the savings bank is a limited liability
5 company, the provisions of the Limited Liability Company shall
6 be used.

7 (c) A savings bank may be organized as a limited liability
8 company, may convert to a limited liability company, or may
9 merge with and into a limited liability company, under the
10 applicable laws of this State and of the United States,
11 including any rules promulgated thereunder. A savings bank
12 organized as a limited liability company shall be subject to
13 the provisions of the Limited Liability Company Act in addition
14 to this Act, provided that if a provision of the Limited
15 Liability Company Act conflicts with a provision of this Act or
16 with any rule of the Secretary, the provision of this Act or
17 the rule of the Secretary shall apply.

18 Any filing required to be made under the Limited Liability
19 Company Act shall be made exclusively with the Secretary, and
20 the Secretary shall possess the exclusive authority to regulate
21 the savings bank as provided in this Act.

22 Any organization as, conversion to, and merger with or into
23 a limited liability company shall be subject to the prior
24 approval of the Secretary.

25 A savings bank that is a limited liability company shall be
26 subject to all of the provisions of this Act in the same manner

1 as a savings bank that is organized in stock form.

2 The Secretary may promulgate rules to ensure that a savings
3 bank that is a limited liability company (i) is operating in a
4 safe and sound manner and (ii) is subject to the Secretary's
5 authority in the same manner as a savings bank that is
6 organized in stock form.

7 (Source: P.A. 97-492, eff. 1-1-12.)

8 (205 ILCS 205/2007) (from Ch. 17, par. 7302-7)

9 Sec. 2007. Reorganization to become a holding company.

10 (a) A savings bank, including a mutual savings bank
11 operating under this Act, may reorganize so as to become a
12 holding company by:

13 (1) chartering one or more subsidiary savings banks,
14 the ownership of which shall be evidenced by stock shares,
15 to be owned by the chartering parent savings bank; and

16 (2) either of the following:

17 (i) transferring the substantial portion of its
18 assets and all of its insured deposits and part or all
19 of its other liabilities to one or more subsidiary
20 savings banks; or

21 (ii) reorganizing in any other manner as approved
22 by the Secretary.

23 (b) In order to effect reorganization under subsection (a),
24 the board of directors of the original savings bank must
25 approve a plan providing for the reorganization that shall be

1 submitted for approval by a majority of the voting members of
2 the savings bank. Approval must occur in accordance with the
3 savings bank's articles of incorporation and bylaws at a
4 meeting called by the board of directors. The Secretary may
5 charter mutual and stock holding companies in connection with a
6 mutual savings bank reorganization and may promulgate rules to
7 regulate the formation of and the ongoing business of the
8 subsidiaries and the holding company, including the rights of
9 members, levels of investment in holding company subsidiaries,
10 and stock sales.

11 (Source: P.A. 97-492, eff. 1-1-12.)

12 (205 ILCS 205/3003) (from Ch. 17, par. 7303-3)

13 Sec. 3003. Contents of articles of incorporation.

14 (a) The articles of incorporation shall set forth:

15 (1) The name of the savings bank.

16 (2) The initial location of the business office.

17 (3) The duration of existence, which shall be perpetual
18 unless otherwise specified.

19 (4) The initial number of directors, not less than 5.

20 (5) The authorization, if any, to issue deposit
21 accounts, the aggregate amount of which may be unlimited.

22 (6) The authorization, if any, to issue stock, the
23 aggregate number of shares and the par value per share,
24 ~~which shall not be less than \$1.~~

25 (7) The quorum required for action of members if a

1 quorum other than that specified in this Act is desired.

2 (8) Any other provision, not inconsistent with law,
3 which the subscribers or members may desire, for the
4 internal regulation of the affairs of the savings bank.

5 (b) A savings bank may include in its original articles of
6 incorporation or amended articles a requirement that proposed
7 amendments to the articles of incorporation shall be adopted by
8 the affirmative vote of two-thirds of the total number of votes
9 entitled to be cast.

10 (c) The articles of incorporation need not set forth any of
11 the powers that this Act confers.

12 (Source: P.A. 89-74, eff. 6-30-95.)

13 (205 ILCS 205/4007) (from Ch. 17, par. 7304-7)

14 Sec. 4007. Proxies.

15 (a) Voting at a meeting may be either in person or by proxy
16 executed in writing by the member or shareholder or by his duly
17 authorized attorney-in-fact. ~~The forms and wording of all~~
18 ~~proxies must receive prior approval of the Commissioner.~~

19 (b) No proxy shall be valid:

20 (1) After 11 months from the date of its execution,
21 unless otherwise provided in the proxy.

22 (2) Unless executed in an instrument separate from
23 other forms or documents relating to the member's accounts.

24 (3) For any meeting at which the member who gave it is
25 present, provided that notice is given by the member in

1 writing, prior to the taking of any vote, to an official
2 whom the savings bank shall identify at the meeting as
3 having responsibility for the matter.

4 (4) Unless the member giving the proxy is told by the
5 person to whom it is given that the proxy is optional and
6 that the voting rights it represents can be exercised by
7 the member himself.

8 (Source: P.A. 86-1213.)

9 (205 ILCS 205/4008) (from Ch. 17, par. 7304-8)

10 Sec. 4008. Directors. The business and affairs of the
11 savings bank shall be exercised by its elected board of
12 directors. The board of directors shall consist of the number
13 of directors fixed by the bylaws, but shall not be fewer than
14 5. No more than 40% of the directors shall be salaried
15 employees of the savings bank, except that a higher percentage
16 may be allowed with the prior written approval of the
17 Commissioner. ~~At least two thirds of the directors shall be~~
18 ~~residents of this State.~~

19 (Source: P.A. 90-301, eff. 8-1-97.)

20 (205 ILCS 205/4010) (from Ch. 17, par. 7304-10)

21 Sec. 4010. Conduct of directors and officers.

22 (a) Directors and officers occupy a fiduciary relationship
23 to the savings bank of which they are directors or officers,
24 and a director or officer shall not engage or participate,

1 directly or indirectly, in any business or transaction
2 conducted on behalf of or involving the savings bank that would
3 result in a conflict of their own personal interests with those
4 of the savings bank which they serve, unless: (i) the business
5 or transactions are conducted in good faith and are honest,
6 fair, and reasonable to the savings bank; (ii) a full
7 disclosure of the business or transaction and the nature of the
8 director's or officer's interest is made to the board of
9 directors; and (iii) the business or transaction is approved in
10 good faith by the board of directors with any interested
11 director abstaining. The approval of the business or
12 transaction shall be recorded in the minutes. Any profits
13 inuring to the officer or director shall not be at the expense
14 of the savings bank. The business or transaction shall not
15 represent a breach of the officer's or director's fiduciary
16 duty and shall not be fraudulent or illegal. Notwithstanding
17 any other provisions of this Section, the Secretary
18 ~~Commissioner~~ may require the disclosure by directors,
19 officers, and employees of their personal interest, directly or
20 indirectly, in any business or transaction on behalf of or
21 involving the savings bank and of their control of or active
22 participation in enterprises having activities related to the
23 business of the savings bank. The following restrictions
24 governing the conduct of directors and officers expressly are
25 specified, but that specification does not excuse those persons
26 from the observance of any other aspect of the general

1 fiduciary duty owed by them to the savings bank which they
2 serve:

3 (1) An officer or director of a mutual savings bank
4 shall not hold office or status as a director or officer of
5 another mutual savings bank subject to this Act.

6 (2) A director shall receive as remuneration only
7 reasonable fees for services as a director or for service
8 as a member of a committee of directors. A director who is
9 also an officer or employee of the savings bank may receive
10 compensation for service as an officer or employee.

11 (3) A director or officer shall not have any interest,
12 direct or indirect, in the purchase at less than its face
13 value of any evidence of a savings account, deposit, or
14 other indebtedness issued by the savings bank.

15 (4) A savings bank or director or officer thereof shall
16 not directly or indirectly require, as a condition to the
17 granting of any loan or the extension of any other service
18 by the savings bank or its affiliates that the borrower or
19 any other person undertake a contract of insurance or any
20 other agreement or understanding with respect to the direct
21 or indirect furnishing of any other goods or services with
22 any specific company, agency, or individual.

23 (5) An officer or director acting as proxy for a member
24 of a mutual savings bank shall not exercise, transfer, or
25 delegate that right in any consideration of a private
26 benefit or advantage, direct or indirect, accruing to

1 himself nor surrender control or pass his office to any
2 other for any consideration of a private benefit or
3 advantage, direct or indirect. The voting rights of members
4 shall not be the subject of sale or similar transaction,
5 either directly or indirectly. Any officer or director who
6 violates the provisions of this subsection shall be held
7 accountable to the savings bank for any increment.

8 (6) A director or officer shall not solicit, accept, or
9 agree to accept, directly or indirectly, from any person
10 other than the savings bank any gratuity, compensation, or
11 other personal benefit for any action taken by the savings
12 bank or for endeavoring to procure any action by the
13 savings bank.

14 (7) ~~A Subject to the approval of the Commissioner, a~~
15 savings bank's bylaws may provide for reasonable
16 indemnification to its officers, directors, and employees
17 in connection with the faithful performance of their duties
18 for the savings bank. The Secretary ~~Commissioner~~ may
19 promulgate model indemnification provisions and may
20 consider provisions available under the Business
21 Corporation Act of 1983, the Illinois Banking Act, and
22 those available to national banks.

23 (b) The bylaws of a savings bank may contain a provision
24 providing that a director is not personally liable to the
25 savings bank or its shareholders for monetary damages for a
26 breach of the director's fiduciary duty; provided, however,

1 that such provision may not eliminate or limit the liability of
2 a director for any of the following:

3 (1) An act or omission that is grossly negligent.

4 (2) A breach of the director's duty of loyalty to the
5 savings bank or its shareholders.

6 (3) Acts or omissions not in good faith or that involve
7 intentional misconduct or a knowing violation of law.

8 (4) A transaction from which the director derived an
9 improper personal benefit.

10 (5) An act or omission occurring before the effective
11 date of the provision in the bylaws authorized by this
12 subsection.

13 (Source: P.A. 89-320, eff. 1-1-96.)

14 (205 ILCS 205/4013) (from Ch. 17, par. 7304-13)

15 Sec. 4013. Access to books and records; communication with
16 members and shareholders.

17 (a) Every customer ~~member or shareholder~~ shall have the
18 right to inspect financial ~~books and~~ records of the savings
19 bank that pertain to his or her accounts. Otherwise, the right
20 of inspection and examination of the books and records shall be
21 limited as provided in this Act. Only members shall be entitled
22 to a list of members of the savings bank ~~, and no other person~~
23 ~~shall have access to the books and records nor shall be~~
24 ~~entitled to a list of the members or shareholders.~~

25 (b) For the purpose of this Section, the term "financial

1 records" means any original, any copy, or any summary of (1) a
2 document granting signature authority over a deposit or
3 account; (2) a statement, ledger card, or other record on any
4 deposit or account that shows each transaction in or with
5 respect to that account; (3) a check, draft, or money order
6 drawn on a savings bank or issued and payable by a savings
7 bank; or (4) any other item containing information pertaining
8 to any relationship established in the ordinary course of a
9 savings bank's business between a savings bank and its
10 customer, including financial statements or other financial
11 information provided by the customer ~~member or shareholder~~.

12 (b-5) For purposes of this Section, subject to the
13 Secretary's rules, the term "customer" means a person who
14 applies for or is provided with a financial service or product
15 by the savings bank. "Customer" does not include a person who
16 (i) is a customer of another financial institution and the
17 savings bank acts solely as agent for, or provides processing
18 or other services to, that other financial institution; (ii)
19 solely has designated the savings bank as trustee for a trust;
20 (iii) solely is a beneficiary of a trust for which the savings
21 bank is a trustee; or (iv) solely is a participant or a
22 beneficiary of an employee benefit plan that the savings bank
23 sponsors or for which the savings bank acts as a trustee or
24 fiduciary.

25 (c) This Section does not prohibit:

26 (1) The preparation examination, handling, or

1 maintenance of any financial records by any officer,
2 employee, or agent of a savings bank having custody of
3 records or examination of records by a certified public
4 accountant engaged by the savings bank to perform an
5 independent audit.

6 (2) The examination of any financial records by, or the
7 furnishing of financial records by a savings bank to, any
8 officer, employee, or agent of the Secretary ~~Commissioner~~
9 ~~of Banks and Real Estate~~ or the federal depository
10 institution regulator for use solely in the exercise of his
11 duties as an officer, employee, or agent.

12 (3) The publication of data furnished from financial
13 records relating to customers ~~members or holders of capital~~
14 where the data cannot be identified to any particular
15 customer ~~member, shareholder,~~ or account.

16 (4) The making of reports or returns required under
17 Chapter 61 of the Internal Revenue Code of 1986.

18 (5) Furnishing information concerning the dishonor of
19 any negotiable instrument permitted to be disclosed under
20 the Uniform Commercial Code.

21 (6) The exchange in the regular course of business of
22 (i) credit information between a savings bank and other
23 savings banks or financial institutions or commercial
24 enterprises, directly or through a consumer reporting
25 agency or (ii) financial records or information derived
26 from financial records between a savings bank and other

1 savings banks or financial institutions or commercial
2 enterprises for the purpose of conducting due diligence
3 pursuant to a purchase or sale involving the savings bank
4 or assets or liabilities of the savings bank.

5 (7) The furnishing of information to the appropriate
6 law enforcement authorities where the savings bank
7 reasonably believes it has been the victim of a crime.

8 (8) The furnishing of information pursuant to the
9 Uniform Disposition of Unclaimed Property Act.

10 (9) The furnishing of information pursuant to the
11 Illinois Income Tax Act and the Illinois Estate and
12 Generation-Skipping Transfer Tax Act.

13 (10) The furnishing of information pursuant to the
14 federal "Currency and Foreign Transactions Reporting Act",
15 (Title 31, United States Code, Section 1051 et seq.).

16 (11) The furnishing of information pursuant to any
17 other statute which by its terms or by regulations
18 promulgated thereunder requires the disclosure of
19 financial records other than by subpoena, summons,
20 warrant, or court order.

21 (12) The furnishing of information in accordance with
22 the federal Personal Responsibility and Work Opportunity
23 Reconciliation Act of 1996. Any savings bank governed by
24 this Act shall enter into an agreement for data exchanges
25 with a State agency provided the State agency pays to the
26 savings bank a reasonable fee not to exceed its actual cost

1 incurred. A savings bank providing information in
2 accordance with this item shall not be liable to any
3 account holder or other person for any disclosure of
4 information to a State agency, for encumbering or
5 surrendering any assets held by the savings bank in
6 response to a lien or order to withhold and deliver issued
7 by a State agency, or for any other action taken pursuant
8 to this item, including individual or mechanical errors,
9 provided the action does not constitute gross negligence or
10 willful misconduct. A savings bank shall have no obligation
11 to hold, encumber, or surrender assets until it has been
12 served with a subpoena, summons, warrant, court or
13 administrative order, lien, or levy.

14 (13) The furnishing of information to law enforcement
15 authorities, the Illinois Department on Aging and its
16 regional administrative and provider agencies, the
17 Department of Human Services Office of Inspector General,
18 or public guardians: (i) upon subpoena by the investigatory
19 entity or the guardian, or (ii) if there is suspicion by
20 the savings bank that a customer who is an elderly or
21 disabled person has been or may become the victim of
22 financial exploitation. For the purposes of this item (13),
23 the term: (i) "elderly person" means a person who is 60 or
24 more years of age, (ii) "disabled person" means a person
25 who has or reasonably appears to the savings bank to have a
26 physical or mental disability that impairs his or her

1 ability to seek or obtain protection from or prevent
2 financial exploitation, and (iii) "financial exploitation"
3 means tortious or illegal use of the assets or resources of
4 an elderly or disabled person, and includes, without
5 limitation, misappropriation of the elderly or disabled
6 person's assets or resources by undue influence, breach of
7 fiduciary relationship, intimidation, fraud, deception,
8 extortion, or the use of assets or resources in any manner
9 contrary to law. A savings bank or person furnishing
10 information pursuant to this item (13) shall be entitled to
11 the same rights and protections as a person furnishing
12 information under the Elder Abuse and Neglect Act, the
13 Illinois Domestic Violence Act of 1986, and the Abuse of
14 Adults with Disabilities Intervention Act.

15 (14) The disclosure of financial records or
16 information as necessary to effect, administer, or enforce
17 a transaction requested or authorized by the member or
18 holder of capital, or in connection with:

19 (A) servicing or processing a financial product or
20 service requested or authorized by the customer ~~member~~
21 ~~or holder of capital~~;

22 (B) maintaining or servicing an account of a
23 customer ~~member or holder of capital~~ with the savings
24 bank; or

25 (C) a proposed or actual securitization or
26 secondary market sale (including sales of servicing

1 rights) related to a transaction of a customer ~~member~~
2 ~~or holder of capital~~.

3 Nothing in this item (14), however, authorizes the sale
4 of the financial records or information of a customer
5 ~~member or holder of capital~~ without the consent of the
6 customer ~~member or holder of capital~~.

7 (15) The exchange in the regular course of business of
8 information between a savings bank and any commonly owned
9 affiliate of the savings bank, subject to the provisions of
10 the Financial Institutions Insurance Sales Law.

11 (16) The disclosure of financial records or
12 information as necessary to protect against or prevent
13 actual or potential fraud, unauthorized transactions,
14 claims, or other liability.

15 (17) (a) The disclosure of financial records or
16 information related to a private label credit program
17 between a financial institution and a private label party
18 in connection with that private label credit program. Such
19 information is limited to outstanding balance, available
20 credit, payment and performance and account history,
21 product references, purchase information, and information
22 related to the identity of the customer.

23 (b) (1) For purposes of this paragraph (17) of
24 subsection (c) of Section 4013, a "private label credit
25 program" means a credit program involving a financial
26 institution and a private label party that is used by a

1 customer of the financial institution and the private label
2 party primarily for payment for goods or services sold,
3 manufactured, or distributed by a private label party.

4 (2) For purposes of this paragraph (17) of subsection
5 (c) of Section 4013, a "private label party" means, with
6 respect to a private label credit program, any of the
7 following: a retailer, a merchant, a manufacturer, a trade
8 group, or any such person's affiliate, subsidiary, member,
9 agent, or service provider.

10 (d) A savings bank may not disclose to any person, except
11 to the customer ~~member or holder of capital~~ or his duly
12 authorized agent, any financial records relating to that
13 customer ~~member or shareholder~~ of the savings bank unless:

14 (1) the customer ~~member or shareholder~~ has authorized
15 disclosure to the person; or

16 (2) the financial records are disclosed in response to
17 a lawful subpoena, summons, warrant, citation to discover
18 assets, or court order that meets the requirements of
19 subsection (e) of this Section.

20 (e) A savings bank shall disclose financial records under
21 subsection (d) of this Section pursuant to a lawful subpoena,
22 summons, warrant, citation to discover assets, or court order
23 only after the savings bank mails a copy of the subpoena,
24 summons, warrant, citation to discover assets, or court order
25 to the person establishing the relationship with the savings
26 bank, if living, and otherwise, his personal representative, if

1 known, at his last known address by first class mail, postage
2 prepaid, unless the savings bank is specifically prohibited
3 from notifying the person by order of court.

4 (f) Any officer or employee of a savings bank who knowingly
5 and willfully furnishes financial records in violation of this
6 Section is guilty of a business offense and, upon conviction,
7 shall be fined not more than \$1,000.

8 (g) Any person who knowingly and willfully induces or
9 attempts to induce any officer or employee of a savings bank to
10 disclose financial records in violation of this Section is
11 guilty of a business offense and, upon conviction, shall be
12 fined not more than \$1,000.

13 (h) If any member or shareholder desires to communicate
14 with the other members or shareholders of the savings bank with
15 reference to any question pending or to be presented at an
16 annual or special meeting, the savings bank shall give that
17 person, upon request, a statement of the approximate number of
18 members or shareholders entitled to vote at the meeting and an
19 estimate of the cost of preparing and mailing the
20 communication. The requesting member shall submit the
21 communication to the Secretary ~~Commissioner~~ who, upon finding
22 it to be appropriate and truthful, shall direct that it be
23 prepared and mailed to the members upon the requesting member's
24 or shareholder's payment or adequate provision for payment of
25 the expenses of preparation and mailing.

26 (i) A savings bank shall be reimbursed for costs that are

1 necessary and that have been directly incurred in searching
2 for, reproducing, or transporting books, papers, records, or
3 other data of a customer required to be reproduced pursuant to
4 a lawful subpoena, warrant, citation to discover assets, or
5 court order.

6 (j) Notwithstanding the provisions of this Section, a
7 savings bank may sell or otherwise make use of lists of
8 customers' names and addresses. All other information
9 regarding a customer's account are subject to the disclosure
10 provisions of this Section. At the request of any customer,
11 that customer's name and address shall be deleted from any list
12 that is to be sold or used in any other manner beyond
13 identification of the customer's accounts.

14 (Source: P.A. 94-495, eff. 8-8-05; 94-851, eff. 6-13-06;
15 95-661, eff. 1-1-08.)

16 (205 ILCS 205/6002) (from Ch. 17, par. 7306-2)

17 Sec. 6002. Investment in loans. Subject to the regulations
18 of the Secretary ~~Commissioner~~, a savings bank may loan funds as
19 follows:

20 (1) On the security of deposit accounts, but no such loan
21 shall exceed the withdrawal value of the pledged account.

22 (2) On the security of real estate:

23 (A) of a value, determined in accordance with this Act,
24 sufficient to provide good and ample security for the loan;

25 (B) with a fee simple title or a leasehold title;

1 (C) with the title established by evidence of title as
2 is consistent with sound lending practices in the locality;

3 (D) with the security interest in the real estate
4 evidenced by an appropriate written instrument and the loan
5 evidenced by a note, bond, or similar written instrument; a
6 loan on the security of the whole of the beneficial
7 interest in a land trust satisfies the requirements of this
8 paragraph if the title to the land is held by a corporate
9 trustee and if the real estate held in the land trust meets
10 the other requirements of this subsection;

11 (E) with a mortgage loan not to exceed 40 years.

12 (3) For the purpose of repair, improvement,
13 rehabilitation, furnishing, or equipment of real estate.

14 (4) For the purpose of financing or refinancing an existing
15 ownership interest in certificates of stock, certificates of
16 beneficial interest, other evidence of an ownership interest
17 in, or a proprietary lease from a corporation, trust, or
18 partnership formed for the purpose of the cooperative ownership
19 of real estate, secured by the assignment or transfer of
20 certificates or other evidence of ownership of the borrower.

21 (5) Through the purchase of loans that, at the time of
22 purchase, the savings bank could make in accordance with this
23 Section and the bylaws.

24 (6) Through the purchase of installment contracts for the
25 sale of real estate and title thereto that is subject to the
26 contracts, but in each instance only if the savings bank, at

1 the time of purchase, could make a mortgage loan of the same
2 amount and for the same length of time on the security of the
3 real estate.

4 (7) Through loans guaranteed or insured, wholly or in part,
5 by the United States or any of its instrumentalities.

6 (8) Subject to regulations adopted by the Secretary
7 ~~Commissioner~~, through secured or unsecured loans for business,
8 corporate, commercial, or agricultural purposes; provided that
9 the total of all loans granted under this paragraph shall not
10 exceed 15% of the savings bank's total assets unless a greater
11 amount is authorized in writing by the Secretary ~~Commissioner~~.

12 (9) For the purpose of mobile home financing ~~subject,~~
13 ~~however, to the regulation of the Commissioner.~~

14 (10) Through loans secured by the cash surrender value of
15 any life insurance policy or any collateral that would be a
16 legal investment under the terms of this Act if made by the
17 savings bank.

18 (11) Any provision of this Act or any other law, except for
19 paragraph (18) of Section 6003, to the contrary
20 notwithstanding, but subject to the Financial Institutions
21 Insurance Sales Law and subject to the Secretary's
22 ~~Commissioner's~~ regulations, any savings bank may make any loan
23 or investment or engage in any activity that it could make or
24 engage in if it were organized under State law as a savings and
25 loan association or under federal law as a federal savings and
26 loan association or federal savings bank.

1 (12) A savings bank may issue letters of credit or other
2 similar arrangements only as provided for by regulation of the
3 Secretary ~~Commissioner~~ with regard to aggregate amounts
4 permitted, take out commitments for stand-by letters of credit,
5 underlying documentation and underwriting, legal limitations
6 on loans of the savings bank, control and subsidiary records,
7 and other procedures deemed necessary by the Secretary
8 ~~Commissioner~~.

9 (13) For the purpose of vehicle ~~automobile~~ financing,
10 ~~subject to the regulation of the Commissioner.~~ "Vehicle" shall
11 include all motorized forms of transportation that constitute
12 adequate collateral.

13 (14) For the purpose of financing primary, secondary,
14 undergraduate, or postgraduate education.

15 (15) Through revolving lines of credit on the security of a
16 first or junior lien on the borrower's personal residence,
17 based primarily on the borrower's equity, the proceeds of which
18 may be used for any purpose; those loans being commonly
19 referred to as home equity loans.

20 (16) As secured or unsecured credit to cover the payment of
21 checks, drafts, or other funds transfer orders in excess of the
22 available balance of an account on which they are drawn,
23 subject to the regulations of the Secretary ~~Commissioner~~.

24 (Source: P.A. 90-301, eff. 8-1-97; 91-97, eff. 7-9-99.)

25 (205 ILCS 205/6013) (from Ch. 17, par. 7306-13)

1 Sec. 6013. Loans to one borrower.

2 (a) Except as provided in subsection (c), the total loans
3 and extensions of credit, both direct and indirect, by a
4 savings bank to any person, other than a municipal corporation
5 for money borrowed, outstanding at one time shall not exceed
6 25% of the savings bank's total capital plus general loan loss
7 reserves.

8 (b) Except as provided in subsection (c), the total loans
9 and extensions of credit, both direct and indirect, by a
10 savings bank to any person outstanding at one time and at least
11 100% secured by readily marketable collateral having a market
12 value, as determined by reliable and continuously available
13 price quotations, shall not exceed 10% of the savings bank's
14 total capital plus general loan loss reserves. This limitation
15 shall be separate from and in addition to the limitation
16 contained in subsection (a).

17 (c) If the limit under subsection (a) or (b) on total loans
18 to one borrower is less than \$500,000, a savings bank that
19 meets its minimum capital requirement under this Act may have
20 loan and extensions of credit, both direct and indirect,
21 outstanding to any person at one time not to exceed \$500,000.
22 With the prior written approval of the Commissioner, a savings
23 bank that has capital in excess of 6% of assets may make loans
24 and extensions of credit to one borrower for the development of
25 residential housing properties, located or to be located in
26 this State, not to exceed 30% of the savings bank's total

1 capital plus general loan loss reserves.

2 (d) For purposes of this Section, the term "person" shall
3 be deemed to include an individual, firm, corporation, business
4 trust, partnership, trust, estate, association, joint venture,
5 pool, syndicate, sole proprietorship, unincorporated
6 association, any political subdivision, or any similar entity
7 or organization.

8 (e) For the purposes of this Section any loan or extension
9 of credit granted to one person, the proceeds of which are used
10 for the direct benefit of a second person, shall be deemed a
11 loan or extension of credit to the second person as well as the
12 first person. In addition, a loan or extension of credit to one
13 person shall be deemed a loan or extension of credit to others
14 when a common enterprise exists between the first person and
15 such other persons.

16 (f) For the purposes of this Section, the total liabilities
17 of a firm, partnership, pool, syndicate, or joint venture shall
18 include the liabilities of the members of the entity.

19 (g) For the purposes of this Section, the term "readily
20 marketable collateral" means financial instruments or bullion
21 that are salable under ordinary circumstances with reasonable
22 promptness at a fair market value on an auction or a similarly
23 available daily bid-and-ask price market. "Financial
24 instruments" include stocks, bonds, notes, debentures traded
25 on a national exchange or over the counter, commercial paper,
26 negotiable certificates of deposit, bankers' acceptances, and

1 shares in money market or mutual funds.

2 (h) Each savings bank shall institute adequate procedures
3 to ensure that collateral fully secures the outstanding loan or
4 extension of credit at all times.

5 (i) If collateral values fall below 100% of the outstanding
6 loan or extension of credit to the extent that the loan or
7 extension of credit no longer is in conformance with subsection
8 (b) and exceeds the 25% limitation of subsection (a), the loan
9 must be brought into conformance with this Section within 5
10 business days except where judicial proceedings or other
11 similar extraordinary occurrences prevent the savings bank
12 from taking action.

13 (j) This Section shall not apply to loans or extensions of
14 credit to the United States of America or its agencies or this
15 State or its agencies or to any loan, investment, or extension
16 of credit made pursuant to Section 6003 of this Act.

17 (k) This Section does not apply to the obligations as
18 endorser, whether with or without recourse, or as guarantor,
19 whether conditional or unconditional, of negotiable or
20 nonnegotiable installment consumer paper of the person
21 transferring the same if the bank's files or the knowledge of
22 its officers of the financial condition of each maker of those
23 obligations is reasonably adequate and if an officer of the
24 bank, designated for that purpose by the board of directors of
25 the bank, certifies that the responsibility of each maker of
26 the obligations has been evaluated and that the bank is relying

1 primarily upon each maker for the payment of the obligations.
2 The certification shall be in writing and shall be retained as
3 part of the records of the bank.

4 (1) The following shall be considered a loan or extension
5 of credit within the meaning of this Section:

6 (1) all direct or indirect advances of funds to a
7 person made on the basis of any obligation of that person
8 to repay the funds or repayable from specific property
9 pledged by or on behalf of that person; and

10 (2) to the extent specified by the Secretary, any
11 liability of a savings bank to advance funds to or on
12 behalf of a person pursuant to a contractual commitment.

13 (m) ~~(1)~~ The Secretary ~~Commissioner~~ may prescribe rules to
14 carry out the purposes of this Section and to establish limits
15 or requirements other than those specified in this Section for
16 particular types of loans and extensions of credit.

17 (Source: P.A. 92-483, eff. 8-23-01; 92-700, eff. 7-19-02.)

18 (205 ILCS 205/6014) (from Ch. 17, par. 7306-14)

19 Sec. 6014. Secretary's ~~Commissioner's~~ regulations.

20 (a) The Secretary may ~~Commissioner shall~~ promulgate rules
21 and regulations to determine permissible levels of investment
22 and permissible concentrations of assets for savings banks
23 applicable to all lending and investment authority granted by
24 this Article 6. The rules and regulations shall give due regard
25 to capital adequacy, operating income, underwriting standards,

1 risk inherent in the investment or loan, and competitive parity
2 with other financial institutions.

3 (b) Violations of any of the provisions of this Article 6
4 shall constitute an unsafe and unsound practice and may subject
5 the savings bank, its directors, officers, or agents to
6 enforcement actions, civil money penalties, or other sanctions
7 as provided in this Act.

8 (Source: P.A. 86-1213.)

9 (205 ILCS 205/8006) (from Ch. 17, par. 7308-6)

10 Sec. 8006. Merger; Secretary's certificate. The executed
11 merger agreement together with copies of the resolutions of the
12 members or stockholders of each merging depository institution
13 approving it, certified by the president or vice president, and
14 attested to by the secretary of the savings bank, shall be
15 filed with the Secretary. The Secretary shall then issue to the
16 continuing savings bank a certificate of merger, setting forth
17 the name of each merging depository institution, the name of
18 the continuing savings bank, and the articles of incorporation
19 of the continuing savings bank. The merger takes effect upon
20 the issuance of the certificate of merger ~~recording of the~~
21 ~~certificate in the same manner as the articles of incorporation~~
22 ~~in each county in which the business office of any of the~~
23 ~~merging depository institutions was located and in the county~~
24 ~~in which the business office of the continuing savings bank is~~
25 ~~located. When duly recorded, the certificate shall be~~

1 ~~conclusive evidence of the merger and of the correctness of the~~
2 ~~proceedings therefor except against the State.~~

3 (Source: P.A. 97-492, eff. 1-1-12.)

4 (205 ILCS 205/8012) (from Ch. 17, par. 7308-12)

5 Sec. 8012. Conversion of an existing depository
6 institution to a savings bank.

7 (a) Except as provided in subsection (b), an existing
8 depository institution may become an Illinois savings bank by:

9 (1) Applying to the Secretary ~~Commissioner of Banks and~~
10 ~~Real Estate~~ for an Illinois savings bank charter.

11 (2) Obtaining insurance of accounts from a deposit
12 insurance corporation.

13 (3) Complying with the provisions of this Act and the
14 rules and regulations of the Secretary ~~Commissioner~~,
15 except that any requirements of publication, notice, and
16 public hearing are hereby waived.

17 (4) Paying all outstanding bills for supervisory fees,
18 examination fees, membership fees, other fees, penalties,
19 and assessments associated with its original charter.

20 (5) (Blank). ~~Recording a savings bank charter in the~~
21 ~~county of its company headquarters.~~

22 (6) Giving notice to its original chartering authority
23 and surrendering its charter to its chartering authority
24 upon approval of the Secretary ~~Commissioner~~.

25 (b) A federal association required by a law of the United

1 States to convert to a national bank or to a depository
2 institution chartered under the laws of the State of Illinois
3 that elects to become a savings bank may apply for an expedited
4 process under this subsection. Upon filing with the Secretary
5 ~~Commissioner~~ a certified copy of the conversion registration
6 statement filed with the appropriate federal regulatory agency
7 and a certificate issued by that federal regulatory agency
8 showing that the federal association has complied with the
9 provisions of federal law, the Secretary ~~Commissioner~~ shall
10 issue a savings bank charter to the converting federal
11 association, provided the converting federal association:

12 (i) furnishes evidence of insurance of accounts from a
13 deposit insurance corporation; and

14 (ii) complies with the provisions of this Act and the
15 rules of the Secretary ~~Commissioner~~, except that any
16 requirements of publication notice and public hearing are
17 waived. ~~and~~

18 ~~(iii) records the savings bank charter in the county of~~
19 ~~its principal place of business.~~

20 (c) A federal savings association that converts to a
21 savings bank under subsection (b) of this Section shall not be
22 required to pay any application fees in connection with the
23 conversion.

24 (Source: P.A. 89-508, eff. 7-3-96; 90-270, eff. 7-30-97.)

1 Sec. 9002. Powers of Secretary. The Secretary shall have
2 the following powers ~~and duties~~:

3 (1) To exercise the rights, powers, and duties set
4 forth in this Act or in any related Act.

5 (2) To establish regulations as may be reasonable or
6 necessary to accomplish the purposes of this Act.

7 (3) To make an annual report regarding the work of his
8 office under this Act as he may consider desirable to the
9 Governor, or as the Governor may request.

10 (4) To cause a suit to be filed in his name to enforce
11 any law of this State that applies to savings banks, their
12 service corporations, subsidiaries, affiliates, or holding
13 companies operating under this Act, including the
14 enforcement of any obligation of the officers, directors,
15 agents, or employees of any savings bank.

16 (5) To prescribe a uniform manner in which the books
17 and records of every savings bank are to be maintained.

18 (6) To establish a reasonable fee structure for savings
19 banks and holding companies operating under this Act and
20 for their service corporations and subsidiaries. The fees
21 shall include, but not be limited to, annual fees,
22 application fees, regular and special examination fees,
23 and other fees as the Secretary establishes and
24 demonstrates to be directly resultant from the Secretary's
25 responsibilities under this Act and as are directly
26 attributable to individual entities operating under this

1 Act. The aggregate of all moneys collected by the Secretary
2 on and after the effective date of this Act ~~shall be paid~~
3 ~~promptly after receipt of the same, accompanied by a~~
4 ~~detailed statement thereof, into the Savings and~~
5 ~~Residential Finance Regulatory Fund subject to the~~
6 ~~provisions of Section 7 19.1 of the Illinois Savings and~~
7 ~~Loan Act of 1985 including without limitation the provision~~
8 ~~for credits against regulatory fees. The amounts deposited~~
9 ~~into the Fund shall be used for the ordinary and contingent~~
10 ~~expenses of the Office of Banks and Real Estate.~~
11 ~~Notwithstanding any other provision of this paragraph (6),~~
12 ~~the aggregate of all moneys collected by the Secretary~~
13 ~~under this Act shall be paid promptly after receipt of~~
14 ~~same, accompanied by a detailed statement thereof, into the~~
15 ~~Savings Institutions Regulatory Fund upon the creation of~~
16 ~~that fund under Section 7 19.2 of the Illinois Savings and~~
17 ~~Loan Act of 1985, subject to the provisions of Section~~
18 ~~7 19.2 of the Illinois Savings and Loan Act of 1985,~~
19 including ~~without limitation~~ the provision for credits
20 against regulatory fees. The amounts deposited into the
21 Savings Institutions Regulatory Fund under this paragraph
22 (6) shall be used for the ordinary and contingent expenses
23 of administering and enforcing this Act. Nothing in this
24 Act shall prevent continuing the practice of paying
25 expenses involving salaries, retirement, social security,
26 and State-paid insurance of State officers by

1 appropriation from the General Revenue Fund. The Secretary
2 may require payment of the fees under this Act by an
3 electronic transfer of funds or an automatic debit of an
4 account of each of the savings banks.

5 (7) To establish a Savings Bank Regulatory Section
6 within the Division of Banking.

7 The Secretary or any person appointed as receiver shall
8 have all of the powers, rights, and privileges as the Federal
9 Deposit Insurance Corporation when appointed as receiver,
10 which shall originate at the time of the appointment and
11 continue through the term of the receivership.

12 (Source: P.A. 96-1365, eff. 7-28-10; 97-492, eff. 1-1-12.)

13 (205 ILCS 205/9002.1 new)

14 Sec. 9002.1. Savings Institutions Regulatory Fund.

15 (a) The aggregate of all moneys collected by the Secretary
16 under this Act shall be paid promptly after receipt of the
17 same, accompanied by a detailed statement thereof, into the
18 State treasury and shall be set apart in the Savings
19 Institutions Regulatory Fund. All earnings received from
20 investments of funds in the Savings Institutions Regulatory
21 Fund shall be deposited into the Savings Institutions
22 Regulatory Fund and may be used for the same purposes as fees
23 deposited into the Savings Institutions Regulatory Fund. The
24 amount from time to time deposited into the Fund shall be used
25 (i) to offset the ordinary administrative expenses as defined

1 in this Section or (ii) as a credit against fees under
2 subsection (b) of this Section. Nothing in this Section shall
3 prevent continuing the practice of paying expenses involving
4 salaries, retirement, Social Security, and State paid
5 insurance of State officers by appropriation from the General
6 Revenue Fund. However, the General Revenue Fund shall be
7 reimbursed for those payments made on and after July 1, 1979 by
8 an annual transfer of funds from the Savings Institutions
9 Regulatory Fund. Money in the Savings Institutions Regulatory
10 Fund may be transferred to the Professions Indirect Cost Fund
11 as authorized under Section 2105-300 of the Department of
12 Professional Regulation Law of the Civil Administrative Code of
13 Illinois.

14 (b) Adequate funds shall be available in the Savings
15 Institutions Regulatory Fund to permit the timely payment of
16 administration expenses. In each fiscal year, the total
17 administration expenses shall be deducted from the total fees
18 collected by the Secretary and the remainder transferred into
19 the Cash Flow Reserve Account, unless the balance of the Cash
20 Flow Reserve Account prior to the transfer equals or exceeds
21 one-fourth of the total initial appropriations from the Savings
22 Institutions Regulatory Fund for the subsequent year, in which
23 case the remainder shall be credited to savings banks and
24 applied against their fees for the subsequent year. The amount
25 credited to each savings bank shall be in the same proportion
26 as the Call Report Fees paid by each for the year bear to the

1 total Call Report Fees collected for the year. If, after a
2 transfer to the Cash Flow Reserve Account is made or if no
3 remainder is available for transfer, the balance of the Cash
4 Flow Reserve Account is less than one-fourth of the total
5 initial appropriations for the subsequent year and the amount
6 transferred is less than 5% of the total Call Report Fees for
7 the year, additional amounts needed to make the transfer equal
8 to 5% of the total Call Report Fees for the year shall be
9 apportioned amongst, assessed upon, and paid by savings banks
10 in the same proportion that the Call Report Fees of each,
11 respectively, for the year bear to the total Call Report Fees
12 collected for the year. The additional amounts assessed shall
13 be transferred into the Cash Flow Reserve Account.

14 (c) Moneys in the Residential Finance Regulatory Fund
15 apportioned to the moneys collected under the Illinois Savings
16 and Loan Act of 1985 and the Savings Bank Act shall be
17 transferred to the Savings Institutions Regulatory Fund. Any
18 amount used or borrowed from the moneys apportioned to the
19 moneys collected under the Illinois Savings and Loan Act of
20 1985 and this Act that would have been required to be returned
21 to that apportionment shall be instead paid into the Savings
22 Institutions Regulatory Fund in the same manner.

23 (205 ILCS 205/9002.5)

24 Sec. 9002.5. Regulatory fees.

25 (a) For the fiscal year beginning July 1, 2007 and every

1 year thereafter, each savings bank and each service corporation
2 operating under this Act shall pay in quarterly installments
3 equal to one-fourth of a fixed fee of \$520, plus a variable fee
4 based on one-fourth the total assets of the savings bank or
5 service corporation, as shown in the corresponding quarterly
6 statement of condition, at the following rates:

7 24.97¢ per \$1,000 of the first \$2,000,000 of total
8 assets;

9 22.70¢ per \$1,000 of the next \$3,000,000 of total
10 assets;

11 20.43¢ per \$1,000 of the next \$5,000,000 of total
12 assets;

13 17.025¢ per \$1,000 of the next \$15,000,000 of total
14 assets;

15 14.755¢ per \$1,000 of the next \$25,000,000 of total
16 assets;

17 12.485¢ per \$1,000 of the next \$50,000,000 of total
18 assets;

19 10.215¢ per \$1,000 of the next \$400,000,000 of total
20 assets;

21 6.81¢ per \$1,000 of the next \$500,000,000 of total
22 assets; and

23 4.54¢ per \$1,000 of all total assets in excess of
24 \$1,000,000,000 of such savings bank or service
25 corporation.

26 "Quarterly statement of condition" means the Report of

1 Condition and Income (Call Report) filed with the appropriate
2 federal banking agency, as defined by Section 3 of the Federal
3 Deposit Insurance Act (12 U.S.C. 1813).

4 (b) (Blank). ~~The Secretary shall receive and there shall be~~
5 ~~paid to the Secretary an additional fee as an adjustment to the~~
6 ~~supervisory fee, based upon the difference between the total~~
7 ~~assets of each savings bank and each service corporation as~~
8 ~~shown by its financial report filed with the Secretary for the~~
9 ~~reporting period of the calendar year ended December 31 on~~
10 ~~which the supervisory fee was based and the total assets of~~
11 ~~each savings bank and each service corporation as shown by its~~
12 ~~financial report filed with the Secretary for the reporting~~
13 ~~period of the calendar year ended December 31 in which the~~
14 ~~quarterly payments are made according to the following~~
15 ~~schedule:~~

16 ~~24.97¢ per \$1,000 of the first \$2,000,000 of total~~
17 ~~assets;~~

18 ~~22.70¢ per \$1,000 of the next \$3,000,000 of total~~
19 ~~assets;~~

20 ~~20.43¢ per \$1,000 of the next \$5,000,000 of total~~
21 ~~assets;~~

22 ~~17.025¢ per \$1,000 of the next \$15,000,000 of total~~
23 ~~assets;~~

24 ~~14.755¢ per \$1,000 of the next \$25,000,000 of total~~
25 ~~assets;~~

26 ~~12.485¢ per \$1,000 of the next \$50,000,000 of total~~

1 ~~assets;~~

2 ~~10.215¢ per \$1,000 of the next \$400,000,000 of total~~

3 ~~assets;~~

4 ~~6.81¢ per \$1,000 of the next \$500,000,000 of total~~

5 ~~assets; and~~

6 ~~4.54¢ per \$1,000 of all total assets in excess of~~

7 ~~\$1,000,000,000 of such savings bank or service~~

8 ~~corporation.~~

9 (c) (Blank). ~~The Secretary shall receive and there shall be~~
10 ~~paid to the Secretary by each savings bank and each service~~
11 ~~corporation a fee of \$520 for each approved branch office or~~
12 ~~facility office established under the Illinois Administrative~~
13 ~~Code. The determination of the fees shall be made annually as~~
14 ~~of the close of business of the prior calendar year ended~~
15 ~~December 31.~~

16 (d) For purposes of this Section, "fiscal year" means a
17 period beginning July 1 of any year and ending June 30 of the
18 next year. The Secretary shall receive for each fiscal year,
19 commencing with the fiscal year ending June 30, 2013, a
20 contingent fee equal to the lesser of the aggregate of the fees
21 paid by all savings banks under subsection (a) of this Section
22 for that year, or the amount, if any, whereby the aggregate of
23 the administration expenses, as defined in subsection (e) of
24 this Section, for that fiscal year exceeds the sum of the
25 aggregate of the fees payable by all savings banks for that
26 year under subsection (a) of this Section, plus any amounts

1 transferred into the Savings Institutions Regulatory Fund from
2 the State Pensions Fund for that year, plus all other amounts
3 collected by the Secretary for that year under any other
4 provision of this Act. The aggregate amount of the contingent
5 fee thus arrived at for any fiscal year shall be apportioned
6 amongst, assessed upon, and paid by the savings banks,
7 respectively, in the same proportion that the fee of each under
8 subsection (a) of this Section for that year bears to the
9 aggregate for that year of the fees collected under subsection
10 (a) of this Section. The aggregate amount of the contingent
11 fee, and the portion thereof to be assessed upon each savings
12 bank, respectively, shall be determined by the Secretary and
13 shall be paid by each, respectively, within 120 days after the
14 close of the period for which the contingent fee is computed
15 and is payable, and the Secretary shall give advance notice of
16 the amount of the contingent fee payable by the savings bank
17 and of the date fixed by the Secretary for payment of the fee.

18 (e) For purposes of this Section, "administration
19 expenses" means for any fiscal year the ordinary and contingent
20 expenses for that year incident to making the examinations
21 provided for by, and for otherwise administering, this Act,
22 including all salaries and other compensation paid for personal
23 services rendered for the State by officers or employees of the
24 State, including the Secretary and the Director, communication
25 equipment and services, office furnishings, surety bond
26 premiums, and travel expenses of those officers and employees,

1 employees, expenditures or charges for the acquisition,
2 enlargement, or improvement of, or for the use of, any office
3 space, building, or structure, or expenditures for the
4 maintenance thereof or for furnishing heat, light, or power
5 with respect thereto, all to the extent that those expenditures
6 are directly incidental to such examinations or
7 administration; the Secretary shall not be required by this
8 subsection to maintain in any fiscal year's budget appropriated
9 reserves for accrued vacation and accrued sick leave that is
10 required to be paid to employees of the Secretary upon
11 termination of their service with the Secretary in an amount
12 that is more than is reasonably anticipated to be necessary for
13 any anticipated turnover in employees, whether due to normal
14 attrition or due to layoffs, terminations, or resignations.

15 (Source: P.A. 95-1047, eff. 4-6-09.)

16 (205 ILCS 205/9012) (from Ch. 17, par. 7309-12)

17 Sec. 9012. Disclosure of reports of examinations and
18 confidential supervisory information; limitations.

19 (a) Any report of examination, visitation, or
20 investigation prepared by the Secretary ~~Commissioner~~ under
21 this Act, any report of examination, visitation, or
22 investigation prepared by the state regulatory authority of
23 another state that examines a branch of an Illinois State
24 savings bank in that state, any document or record prepared or
25 obtained in connection with or relating to any examination,

1 visitation, or investigation, and any record prepared or
2 obtained by the Secretary ~~Commissioner~~ to the extent that the
3 record summarizes or contains information derived from any
4 report, document, or record described in this subsection shall
5 be deemed confidential supervisory information. "Confidential
6 supervisory information" shall not include any information or
7 record routinely prepared by a savings bank and maintained in
8 the ordinary course of business or any information or record
9 that is required to be made publicly available pursuant to
10 State or federal law or rule. Confidential supervisory
11 information shall be the property of the Secretary ~~Commissioner~~
12 and shall only be disclosed under the circumstances and for the
13 purposes set forth in this Section.

14 The Secretary ~~Commissioner~~ may disclose confidential
15 supervisory information only under the following
16 circumstances:

17 (1) The Secretary ~~Commissioner~~ may furnish
18 confidential supervisory information to federal and state
19 depository institution regulators, or any official or
20 examiner thereof duly accredited for the purpose. Nothing
21 contained in this Act shall be construed to limit the
22 obligation of any savings bank to comply with the
23 requirements relative to examinations and reports nor to
24 limit in any way the powers of the Commissioner relative to
25 examinations and reports.

26 (2) The Secretary ~~Commissioner~~ may furnish

1 confidential supervisory information to the United States
2 or any agency thereof that to any extent has insured a
3 savings bank's deposits, or any official or examiner
4 thereof duly accredited for the purpose. Nothing contained
5 in this Act shall be construed to limit the obligation
6 relative to examinations and reports of any savings bank in
7 which deposits are to any extent insured by the United
8 States or any agency thereof nor to limit in any way the
9 powers of the Commissioner with reference to examination
10 and reports of the savings bank.

11 (3) The Secretary ~~Commissioner~~ may furnish
12 confidential supervisory information to the appropriate
13 law enforcement authorities when the Secretary
14 ~~Commissioner~~ reasonably believes a savings bank, which the
15 Secretary ~~Commissioner~~ has caused to be examined, has been
16 a victim of a crime.

17 (4) The Secretary ~~Commissioner~~ may furnish
18 confidential supervisory information related to a savings
19 bank, which the Secretary ~~Commissioner~~ has caused to be
20 examined, to the administrator of the Uniform Disposition
21 of Unclaimed Property Act.

22 (5) The Secretary ~~Commissioner~~ may furnish
23 confidential supervisory information relating to a savings
24 bank, which the Secretary ~~Commissioner~~ has caused to be
25 examined, relating to its performance of obligations under
26 the Illinois Income Tax Act and the Illinois Estate and

1 Generation-Skipping Transfer Tax Act to the Illinois
2 Department of Revenue.

3 (6) The Secretary ~~Commissioner~~ may furnish
4 confidential supervisory information relating to a savings
5 bank, which the Secretary ~~Commissioner~~ has caused to be
6 examined, under the federal Currency and Foreign
7 Transactions Reporting Act, 31 United States Code, Section
8 1051 et seq.

9 (7) The Secretary ~~Commissioner~~ may furnish
10 confidential supervisory information to any other agency
11 or entity that the Secretary ~~Commissioner~~ determines to
12 have a legitimate regulatory interest.

13 (8) The Secretary ~~Commissioner~~ may furnish
14 confidential supervisory information as otherwise
15 permitted or required by this Act and may furnish
16 confidential supervisory information under any other
17 statute that by its terms or by regulations promulgated
18 thereunder requires the disclosure of financial records
19 other than by subpoena, summons, warrant, or court order.

20 (9) At the request of the affected savings bank, the
21 Secretary ~~Commissioner~~ may furnish confidential
22 supervisory information relating to the savings bank,
23 which the Secretary ~~Commissioner~~ has caused to be examined,
24 in connection with the obtaining of insurance coverage or
25 the pursuit of an insurance claim for or on behalf of the
26 savings bank; provided that, when possible, the Secretary

1 ~~Commissioner~~ shall disclose only relevant information
2 while maintaining the confidentiality of financial records
3 not relevant to such insurance coverage or claim and, when
4 appropriate, may delete identifying data relating to any
5 person.

6 (10) The Secretary ~~Commissioner~~ may furnish a copy of a
7 report of any examination performed by the Secretary
8 ~~Commissioner~~ of the condition and affairs of any electronic
9 data processing entity to the savings banks serviced by the
10 electronic data processing entity.

11 (11) In addition to the foregoing circumstances, the
12 Secretary ~~Commissioner~~ may, but is not required to, furnish
13 confidential supervisory information under the same
14 circumstances authorized for the savings bank pursuant to
15 subsection (b) of this Section, except that the Secretary
16 ~~Commissioner~~ shall provide confidential supervisory
17 information under circumstances described in paragraph (3)
18 of subsection (b) of this Section only upon the request of
19 the savings bank.

20 (b) A savings bank or its officers, agents, and employees
21 may disclose confidential supervisory information only under
22 the following circumstances:

23 (1) to the board of directors of the savings bank, as
24 well as the president, vice-president, cashier, and other
25 officers of the savings bank to whom the board of directors
26 may delegate duties with respect to compliance with

1 recommendations for action, and to the board of directors
2 of a savings bank holding company that owns at least 80% of
3 the outstanding stock of the savings bank or other
4 financial institution; -

5 (2) to attorneys for the savings bank and to a
6 certified public accountant engaged by the savings bank to
7 perform an independent audit; provided that the attorney or
8 certified public accountant shall not permit the
9 confidential supervisory information to be further
10 disseminated; -

11 (3) to any person who seeks to acquire a controlling
12 interest in, or who seeks to merge with, the savings bank;
13 provided that the person shall agree to be bound to respect
14 the confidentiality of the confidential supervisory
15 information and to not further disseminate the information
16 other than to attorneys, certified public accountants,
17 officers, agents, or employees of that person who likewise
18 shall agree to be bound to respect the confidentiality of
19 the confidential supervisory information and to not
20 further disseminate the information; -

21 (4) to the savings bank's insurance company, if the
22 supervisory information contains information that is
23 otherwise unavailable and is strictly necessary to
24 obtaining insurance coverage or pursuing an insurance
25 claim for or on behalf of the savings bank; provided that,
26 when possible, the savings bank shall disclose only

1 information that is relevant to obtaining insurance
2 coverage or pursuing an insurance claim, while maintaining
3 the confidentiality of financial information pertaining to
4 customers; and provided further that, when appropriate,
5 the savings bank may delete identifying data relating to
6 any person; or -

7 (5) to any person conducting a review of the savings
8 bank on behalf of the savings bank for purposes of
9 complying with any enforcement action taken by a bank
10 regulatory agency, only if the bank obtains preapproval for
11 release of the confidential supervisory information by the
12 Secretary and the person agrees to maintain the
13 confidentiality of the confidential supervisory
14 information and to not further disseminate the
15 confidential supervisory information.

16 The disclosure of confidential supervisory information by
17 a savings bank pursuant to this subsection (b) and the
18 disclosure of information to the Secretary ~~Commissioner~~ or
19 other regulatory agency in connection with any examination,
20 visitation, or investigation shall not constitute a waiver of
21 any legal privilege otherwise available to the savings bank
22 with respect to the information.

23 (c) (1) Notwithstanding any other provision of this Act or
24 any other law, confidential supervisory information shall be
25 the property of the Secretary ~~Commissioner~~ and shall be
26 privileged from disclosure to any person except as provided in

1 this Section. No person in possession of confidential
2 supervisory information may disclose that information for any
3 reason or under any circumstances not specified in this Section
4 without the prior authorization of the Secretary ~~Commissioner~~.
5 Any person upon whom a demand for production of confidential
6 supervisory information is made, whether by subpoena, order, or
7 other judicial or administrative process, must withhold
8 production of the confidential supervisory information and
9 must notify the Secretary ~~Commissioner~~ of the demand, at which
10 time the Secretary ~~Commissioner~~ is authorized to intervene for
11 the purpose of enforcing the limitations of this Section or
12 seeking the withdrawal or termination of the attempt to compel
13 production of the confidential supervisory information.

14 (2) Any request for discovery or disclosure of confidential
15 supervisory information, whether by subpoena, order, or other
16 judicial or administrative process, shall be made to the
17 Secretary ~~Commissioner~~, and the Secretary ~~Commissioner~~ shall
18 determine within 15 days whether to disclose the information
19 pursuant to procedures and standards that the Secretary
20 ~~Commissioner~~ shall establish by rule. If the Secretary
21 ~~Commissioner~~ determines that such information will not be
22 disclosed, the Secretary's ~~Commissioner's~~ decision shall be
23 subject to judicial review under the provisions of the
24 Administrative Review Law, and venue shall be in either
25 Sangamon County or Cook County.

26 (3) Any court order that compels disclosure of confidential

1 supervisory information may be immediately appealed by the
2 Secretary ~~Commissioner~~, and the order shall be automatically
3 stayed pending the outcome of the appeal.

4 (d) If any officer, agent, attorney, or employee of a
5 savings bank knowingly and willfully furnishes confidential
6 supervisory information in violation of this Section, the
7 Secretary ~~Commissioner~~ may impose a civil monetary penalty up
8 to \$1,000 for the violation against the officer, agent,
9 attorney, or employee.

10 (e) Subject to the limits of this Section, the Secretary
11 ~~Commissioner~~ also may promulgate regulations to set procedures
12 and standards for disclosure of the following items:

13 (1) All fixed orders and opinions made in cases of
14 appeals of the Secretary's ~~Commissioner's~~ actions.

15 (2) Statements of policy and interpretations adopted
16 by the Secretary's ~~Commissioner's~~ office, but not
17 otherwise made public.

18 (3) Nonconfidential portions of application files,
19 including applications for new charters. The Secretary
20 ~~Commissioner~~ shall specify by rule as to what part of the
21 files are confidential.

22 (4) Quarterly reports of income, deposits, and
23 financial condition.

24 (Source: P.A. 93-271, eff. 7-22-03.)

25 (205 ILCS 205/11001) (from Ch. 17, par. 7311-1)

1 Sec. 11001. Affirmative action to correct conditions
2 resulting from violations of law, regulations, or orders or any
3 other formal or informal enforcement actions from practices.
4 The Commissioner is hereby granted authority to issue orders
5 under this Act that require a savings bank or an
6 institution-affiliated party to take affirmative action to
7 correct any conditions resulting from any violations or
8 practices cited with respect to the order. The order may
9 require the savings bank or the institution-affiliated party
10 to:

11 (1) Make restitution or provide reimbursement,
12 indemnification, or guarantees for or against losses if:

13 (A) the savings bank or the institution affiliated
14 party was unjustly enriched or received direct or
15 indirect personal benefit in connection with the
16 violation or practice; or

17 (B) the violation or practice involved a reckless
18 disregard for applicable laws, regulations, or written
19 agreements or written orders of the Commissioner or
20 other appropriate regulator.

21 (2) Restrict the savings bank's growth or institute
22 appropriate operating restrictions.

23 (3) Dispose of any loan or asset involved.

24 (4) Rescind agreements or contracts.

25 (5) Submit candidates for future directors, employees,
26 or officers to the Commissioner for approval.

1 Illinois Savings and Loan Act of 1985

2 (205 ILCS 205/12101 new)

3 Sec. 12101. Effect of repeal. This Article sets forth the
4 effect of and means of transition necessitated by the repeal of
5 the Illinois Savings and Loan Act of 1985.

6 (205 ILCS 205/12102 new)

7 Sec. 12102. Effect on existing associations. Any existing
8 association organized under the Illinois Savings and Loan Act
9 of 1985 shall be deemed, without approval of the association,
10 its members, or the Secretary, to be a savings bank as if the
11 association had been organized under this Act. The resulting
12 savings bank, from the date of the repeal of the Illinois
13 Savings and Loan Act of 1985, shall be operated in accordance
14 with this Act and the rules established pursuant to this Act.

15 (205 ILCS 205/12103 new)

16 Sec. 12103. Definitions. For purposes of this Article,
17 terms are defined as follows:

18 "Existing association" means an association organized or,
19 except for existing foreign associations, otherwise operating
20 under the Illinois Savings and Loan Act of 1985 at the time
21 that Act was repealed pursuant to this amendatory Act of the
22 98th General Assembly.

23 "Existing foreign association" means an association or

1 savings bank organized under the laws of any other state,
2 territory, or country, but not including an association or
3 savings bank chartered under the laws of the United States,
4 that, at the time of the repeal of the Illinois Savings and
5 Loan Act of 1985, operated in this State under Article 2B of
6 the Illinois Savings and Loan Act of 1985.

7 "Representative office" shall have the meaning ascribed to
8 it in Section 2 of the Foreign Bank Representative Office Act.

9 "Resulting savings bank" means a savings bank under this
10 Act that was an existing association that is deemed to be a
11 savings bank pursuant to Section 12102 of this Act.

12 (205 ILCS 205/12104 new)

13 Sec. 12104. Charter, bylaws, and directors of resulting
14 savings bank.

15 (a) The statement of incorporation, charter, or
16 certificate of complete organization of any existing
17 association shall be deemed to be the charter of the resulting
18 savings bank until such time, which shall be no more than one
19 year after the date of the repeal of the Illinois Savings and
20 Loan Act of 1985, articles of incorporation in compliance with
21 this Act and the rules established pursuant to this Act are
22 proposed by the resulting savings bank and are approved by and
23 a charter issued accordingly by the Secretary.

24 (b) The bylaws of any existing association shall be deemed
25 to be the bylaws of the resulting savings bank until such time,

1 which shall be no more than one year after the date of the
2 repeal of the Illinois Savings and Loan Act of 1985, bylaws in
3 compliance with this Act and the rules established pursuant to
4 this Act are adopted by the resulting savings bank. The
5 resulting savings bank shall promptly notify the Secretary of
6 the adoption of these bylaws.

7 (c) The directors of any existing association shall be
8 deemed to be the directors of the resulting savings bank until
9 the first election of directors after the existing association
10 is deemed a savings bank under Section 12102 of this Act, or
11 until expiration of their terms as directors, and shall have
12 the power to manage the resulting savings bank pursuant to this
13 Act.

14 (d) Except as it relates to the terms of directors, the
15 Secretary for good cause may extend up to one year the time
16 limits imposed by this Section.

17 (e) The Secretary shall charge no fee for actions
18 undertaken by a resulting savings bank to comply with this
19 Section.

20 (205 ILCS 205/12105 new)

21 Sec. 12105. Powers of resulting savings bank. A resulting
22 savings bank shall have all the rights, privileges, and powers
23 granted by this Act and other laws applicable to savings banks,
24 and the entire assets, business, and goodwill of the existing
25 association shall be vested in the resulting savings bank

1 without deed or transfer, provided the resulting savings bank
2 may execute deeds or instruments of conveyance as may be
3 convenient to confirm such transfer, and such resulting savings
4 bank shall assume and be liable for all debts, accounts,
5 undertaking, contractual obligations, and liabilities of the
6 existing association.

7 (205 ILCS 205/12106 new)

8 Sec. 12106. Obligations of resulting savings bank. The
9 resulting savings bank shall be subject to the duties,
10 relations, obligations, trusts, and liabilities of the
11 existing association, whether as debtor, depository,
12 registrar, transfer agent, executor, administrator, trustee,
13 or otherwise and shall be liable to pay and discharge all such
14 debts and liabilities, to perform all such duties, and to
15 administer all such trusts in the same manner and to the same
16 extent as if the resulting savings bank had itself incurred the
17 obligation or liability or assumed the duty, relation, or
18 trust; and all rights of creditors and all liens upon property
19 of the resulting savings bank shall be entitled to receive,
20 accept, collect, hold, and enjoy any and all gifts, bequests,
21 devises, conveyances, trusts, and appointments in favor of or
22 in the name of the existing association, whether made or
23 created to take effect before or after the establishment of the
24 resulting savings bank.

1 (205 ILCS 205/12107 new)

2 Sec. 12107. Effect on special funds.

3 (a) The Savings and Residential Finance Regulatory Fund
4 established under Section 7-19.1 of the Illinois Savings and
5 Loan Act of 1985 is hereby re-designated the Residential
6 Finance Regulatory Fund. The fund shall continue in existence
7 under the Illinois Residential Mortgage License Act of 1987, as
8 amended, without interruption and shall retain all moneys
9 therein, except moneys required to be transferred or returned
10 from the Savings and Residential Finance Regulatory Fund, now
11 designated the Residential Finance Regulatory Fund, to the
12 Savings Institutions Regulatory Fund pursuant to subsection
13 (e) of Section 7-19.2 of the Illinois Savings and Loan Act of
14 1985 shall continue to be required to be transferred or
15 returned to the Savings Institutions Regulatory Fund as if
16 subsection (e) of Section 7-19.2 of the Illinois Savings and
17 Loan Act of 1985 had not been repealed.

18 (b) The Savings Institutions Regulatory Fund established
19 under Section 7-19.2 of the Illinois Savings and Loan Act of
20 1985 shall continue in existence under Section 9002.1 of this
21 Act without interruption and shall retain all moneys therein.

22 (205 ILCS 205/12108 new)

23 Sec. 12108. Effect on foreign associations. Any existing
24 foreign association shall be deemed to be an out-of-state
25 savings bank under this Act. Notwithstanding any other

1 provision of this Act or the Foreign Bank Representative Office
2 Act, an existing foreign association may retain any branch or
3 office in the State that properly existed in the State at the
4 time of the repeal of the Illinois Savings and Loan Act of 1985
5 and continue to engage in the same activities in the State
6 therefrom as were engaged in at the time of the repeal of the
7 Illinois Savings and Loan Act without further application or
8 notice to or approval of the Secretary. An existing foreign
9 association that maintains a representative office in Illinois
10 at the time of the repeal of the Illinois Savings and Loan Act
11 of 1985 shall be issued a license and shall be subject to the
12 Foreign Bank Representative Office Act in accordance with
13 Section 9 of that Act.

14 (205 ILCS 205/12109 new)

15 Sec. 12109. Effect on the Board of Savings Institutions.
16 The Board shall continue to operate without interruption and as
17 if it had been originally established under Article 12.2 of
18 this Act. The members of the Board of Savings Institutions
19 serving on the effective date of this amendatory Act of the
20 98th General Assembly shall continue to serve the balance of
21 their terms.

22 (205 ILCS 205/12110 new)

23 Sec. 12110. Applicability of other Acts. Whenever in any
24 Act the terms "savings and loan", "building and loan", "mutual

1 building loan and homestead", "building loan and homestead", or
2 other similar name are used with reference to an association
3 organized for the purposes of associations incorporated under
4 the Illinois Savings and Loan Act of 1985 or a similar act,
5 such reference shall be applicable to a savings banks operating
6 under this Act. Whenever in any Act the terms "members",
7 "shareholders" or "investors" are used in connection with such
8 associations, however named, the same shall refer to members
9 and holders of capital of savings banks operating under this
10 Act.

11 (205 ILCS 205/Art. 12.2 heading new)

12 ARTICLE 12.2. Board of Savings Institutions

13 (205 ILCS 205/12201 new)

14 Sec. 12201. Board of Savings Institutions; appointment.
15 The Board of Savings Institutions shall be composed of the
16 Director of Banking, who shall be its chairman and have power
17 to vote, and 7 additional persons appointed by the Governor.
18 Three of the 7 persons appointed by the Governor shall
19 represent the public interest. Four of the 7 additional persons
20 appointed by the Governor shall have been engaged actively in
21 savings and loan or savings bank management in this State for
22 at least 5 years immediately prior to appointment. Each member
23 of the Board appointed by the Governor shall be reimbursed for
24 ordinary and necessary expenses incurred in attending the

1 meetings of the Board. Members, excluding the chairman, shall
2 be appointed for 4-year terms to expire on the third Monday in
3 January. Except as otherwise provided in this Section, members
4 of the Board shall serve until their respective successors are
5 appointed and qualified. A member who tenders a written
6 resignation shall serve only until the resignation is accepted
7 by the chairman. The chairman may remove a member who fails to
8 attend 3 consecutive Board meetings without an excused absence.
9 The Governor shall fill any vacancy by the appointment of a
10 member for the unexpired term in the same manner as in the
11 making of original appointments.

12 (205 ILCS 205/12202 new)

13 Sec. 12202. Board of Savings Institutions; organization
14 and meetings. The Board of Savings Institutions shall adopt
15 bylaws for the holding and conducting of meetings and shall
16 keep a record of all meetings and transactions and make such
17 other provisions for the daily conduct of its business as it
18 deems necessary. A majority of the members of the Board,
19 excluding those members who are no longer serving as members as
20 provided in Section 12201 of this Act, shall constitute a
21 quorum. The act of the majority of the members of the Board
22 present at a meeting at which a quorum is present shall be the
23 act of the Board. Regular meetings shall be held as provided in
24 the bylaws and special meetings may be called by the chairman
25 or upon the request of any 3 members of the Board. The Board

1 shall maintain permanent records of its meetings, hearings, and
2 decisions at the office of the chairman. The chairman shall
3 provide adequate quarters and personnel for use by the Board.

4 (205 ILCS 205/12203 new)

5 Sec. 12203. Board of Savings Institutions; powers. The
6 Board of Savings Institutions shall have the following powers:

7 (1) to advise the Governor and Secretary on all matters
8 relating to the regulation of savings banks; and

9 (2) to advise the Governor on legislation proposed to
10 amend this Act or any related Act.

11 (205 ILCS 105/Act rep.)

12 Section 20. The Illinois Savings and Loan Act of 1985 is
13 repealed.

14 (205 ILCS 205/1007.70 rep.)

15 (205 ILCS 205/9017 rep.)

16 Section 25. The Savings Bank Act is amended by repealing
17 Sections 1007.70 and 9017.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.

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Statutes amended in order of appearance

3	20 ILCS 3205/5	from Ch. 17, par. 455
4	30 ILCS 105/5.214	from Ch. 127, par. 141.214
5	30 ILCS 105/8.12	from Ch. 127, par. 144.12
6	205 ILCS 205/1007.130	
7	205 ILCS 205/1008	from Ch. 17, par. 7301-8
8	205 ILCS 205/2007	from Ch. 17, par. 7302-7
9	205 ILCS 205/3003	from Ch. 17, par. 7303-3
10	205 ILCS 205/4007	from Ch. 17, par. 7304-7
11	205 ILCS 205/4008	from Ch. 17, par. 7304-8
12	205 ILCS 205/4010	from Ch. 17, par. 7304-10
13	205 ILCS 205/4013	from Ch. 17, par. 7304-13
14	205 ILCS 205/6002	from Ch. 17, par. 7306-2
15	205 ILCS 205/6013	from Ch. 17, par. 7306-13
16	205 ILCS 205/6014	from Ch. 17, par. 7306-14
17	205 ILCS 205/8006	from Ch. 17, par. 7308-6
18	205 ILCS 205/8012	from Ch. 17, par. 7308-12
19	205 ILCS 205/9002	from Ch. 17, par. 7309-2
20	205 ILCS 205/9002.1 new	
21	205 ILCS 205/9002.5	
22	205 ILCS 205/9012	from Ch. 17, par. 7309-12
23	205 ILCS 205/11001	from Ch. 17, par. 7311-1
24	205 ILCS 205/11008	from Ch. 17, par. 7311-8

- 1 205 ILCS 205/Art. 12.1
- 2 heading new
- 3 205 ILCS 205/12101 new
- 4 205 ILCS 205/12102 new
- 5 205 ILCS 205/12103 new
- 6 205 ILCS 205/12104 new
- 7 205 ILCS 205/12105 new
- 8 205 ILCS 205/12106 new
- 9 205 ILCS 205/12107 new
- 10 205 ILCS 205/12108 new
- 11 205 ILCS 205/12109 new
- 12 205 ILCS 205/12110 new
- 13 205 ILCS 205/Art. 12.2
- 14 heading new
- 15 205 ILCS 205/12201 new
- 16 205 ILCS 205/12202 new
- 17 205 ILCS 205/12203 new
- 18 205 ILCS 105/Act rep.
- 19 205 ILCS 205/1007.70 rep.
- 20 205 ILCS 205/9017 rep.